207491

GRADUATED PAYMENT NOTE
(With Interest Rate Changes Every 5 Years)

This Note contains provisions allowing for changes in my interest rate and monthly payments.

My monthly payment will increase by 7½% each year during the first five years of this Note. If the provisions of this Note permit me to do so, I will be able to limit my monthly payment increases to 7½% each year during the second five years of this Note. My remaining monthly payments also could increase or decrease, depending on changes in my interest rate.

The principal amount I must repay will be larger than the amount I originally borrowed, but not more than 125% of the original amount.

Frederick (City), Maryland (State)

September 16, 19 82

109 East 8th Street Frederick, Maryland 21701
(Property Address)

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. $ 58,400.00 plus any amounts added in accordance with Section 8 (A) of this Note (the total amount is called "principal"), plus interest, to the order of the Lender. The Lender is GUARANTY MORTGAGE CORPORATION ... I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

(A) Interest Owed

Interest will be charged on that part of principal which has not been paid. Interest will be charged beginning on the date of this Note and continuing until the full amount of principal has been paid.

Beginning on the date of this Note, I will owe interest at a yearly rate of 15.25 %. This rate is called the "Initial Rate of Interest." The rate of interest I will pay will change in accordance with Section 4 (A) of this Note on the first day of October, 19 87 and on that day every 60th month thereafter. Each date on which my rate of interest could change is called an "Interest Change Date."

(B) The Index

Any changes in my rate of interest will be based on changes in the Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 5 years, as made available by the Federal Reserve Board. The most recently available Index figure as of the date 45 days before each Interest Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Interest After Default

The rate of interest required by this Section 2 and Section 4 (A) below is the rate I will pay both before and after any default described in Section 12 (B) below.

3. TIME AND PLACE OF PAYMENTS

I will pay principal and interest by making payments every month. My monthly payments will be applied to interest before principal.

I will make my monthly payments on the first day of each month beginning on November 1, 19 82. I will make these payments every month until I have paid all the principal and interest and any other charges described below that I may owe under this Note. If, on October 1, 20 12, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date."

I will make my monthly payments at 10802 Connecticut Avenue Kensington, Maryland 20895 or at a different place if required by the Note Holder.

4. FULL PAYMENT AMOUNT

(A) Calculation of Full Payment Amount

Each of my first 120 monthly payments could be less than a Full Payment Amount. A "Full Payment Amount" is the monthly amount sufficient to repay the amount I originally borrowed, or the unpaid principal balance of my loan as of an Interest Change Date, in full on the maturity date at the rate of interest I am required to pay by Section 2 above or this Section 4 (A) in substantially equal payments. Beginning on the date of this Note, my first Full Payment Amount will be U.S. $ 750.12 until the first Interest Change Date. My first Full Payment Amount will be larger than each of my first 60 payments.

Before each Interest Change Date, the Note Holder will determine a new Full Payment Amount for my loan. The Note Holder will first calculate my new rate of interest by adding 2.600 percentage points (2.600 %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). This rounded amount will be my new rate of interest until the next Interest Change Date. The Note Holder will then calculate the new amount of a monthly payment that would be sufficient to repay my unpaid principal balance as of the Interest Change Date in full on the maturity date at my new rate of interest in substantially equal payments. The result of this calculation is my new Full Payment Amount.

 Borrower's Initials ____